

## CIP - City of Appleton, MN

From: **Roman Fidler** (roman\_56255@hotmail.com)

Sent: Mon 6/08/09 1:59 PM

To: steffanie\_dyer@sandp.com

Attachments:

Cap Imp Plan 5-4-09.pdf (177.4 KB)



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6/8/09 1:59 PM

Hello Ms. Dyer:

Attached is the CIP that was updated and approved on May 13, 2009.

If you need any other information contact me.

Thank you for your assistance.

Roman A. Fidler, Clerk/Treasurer  
City of Appleton, MN

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**CITY OF APPLETON, MINNESOTA**  
**CAPITAL IMPROVEMENTS PLAN**  
**FOR THE YEARS 2009 THROUGH 2014**



**DRAFT DATED: APRIL 30, 2009**

**HEARING: MAY 13, 2009**

**PLAN APPROVED: MAY 1, 2009**



**NORTHLAND  
STRATEGIES**  
Special Projects Group

Northland Securities, Inc.  
45 South 7<sup>th</sup> Street, Suite 2000  
Minneapolis, MN 55402  
(800) 851-2920  
Member NASD and SIPC

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## Introduction

This document contains the Capital Improvement Plan (CIP) for the City of Appleton for the years 2009 through 2014. The CIP provides a guide for management of capital investment required to maintain, improve and expand the City's infrastructure and equipment. The CIP was prepared by Northland Strategies in conjunction with City Staff. The CIP describes all capital improvement projects anticipated to be undertaken by the City during the years 2009-2014 with a cost of \$25,000 or more. The description of each capital improvement includes:

- Estimated cost.
- Need for the improvement.
- Sources of revenue to pay for the improvement.
- Estimated schedule and timing.

The CIP was adopted by the City Council on May 13, 2009 following a public hearing. In preparing and adopting this CIP, the City considered a variety of factors, including:

- Condition of the municipality's existing infrastructure, including the projected need for repair or replacement.
- Likely demand for the improvement.
- Estimated cost of the improvement.
- Available public resources.
- Level of overlapping debt in the municipality.
- Relative benefits and costs of alternative uses of the funds.
- Operating costs of the proposed improvements.
- Alternatives for providing services most efficiently through shared facilities with other municipalities or local government units.

It is the intent of the City to annually review and update the CIP. The City Council will hold a public hearing before adopting amendments to the CIP.

## Projects

The following section describes the projects included in the 2009-2014 Capital Improvements Plan.

### **2009 Public Utility Maintenance Garage**

#### **A. Planned Improvement**

The City built a facility to house vehicles and operations for municipal public works and utility services in 2001. Construction of the facility was initially financed with public project revenue bonds. These bonds were issued by the Appleton Economic Development

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Authority (EDA) and secured by a lease agreement with the City. In 2009, the City plans to refinance this debt and replace the bonds with general obligation capital improvement bonds.

**B. Condition of Existing Infrastructure**

The City operates and maintains the existing building. It is anticipated that the useful life of the building will exceed the term of the refunding bonds (final maturity December 1, 2021).

**C. Demand for the Improvement**

The building provides needed facility to house and maintain the equipment required to operate the municipal utility and street system.

**D. Estimated Cost**

The original cost of the facility was \$910,000. No additional building costs are planned in the CIP.

**E. Available Public Resources**

Both the existing bonds and the planned refunding will be 100% supported by property taxes and general revenues of the City. The refunding would reduce debt service by an estimated amount of \$50,000 over the life of the bonds.

**F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

**G. Relative Benefits and Costs of Alternative Uses of the Funds**

The issuance of refunding bonds reduces the public monies needed to retire this debt.

**H. Operating Costs of the Proposed Improvements**

Operating expenses are included in the General Fund Budget of the City. No change in annual operating expenses will occur as a result of the refunding.

**I. Alternatives for Providing Services**

The City encourages efficiencies and shared services with this facility. The City allows the State to store maintenance equipment in this building. There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units.

## **2009 Street Reconstruction**

**A. Planned Improvement**

The City plans to undertake surface reconstruction of the following streets:

The project will begin and complete work in 2009.

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**B. Condition of Existing Infrastructure**

The City monitors the condition of the municipal street system.

**C. Demand for the Improvement**

As streets age, the surface of the street begins to deteriorate. Routine maintenance and patching no longer provide acceptable conditions. Deteriorated streets increase wear on vehicles and detract from the aesthetic quality of neighborhoods. Over time, ongoing maintenance and reconstruction becomes more expensive. The City's street reconstruction program seeks to balance the physical need for improvements with the financial capacity to support the improvements.

**D. Estimated Cost**

The cost of the improvement is estimated to be \$1,780,000.

**E. Available Public Resources**

The project will be financed through the issuance of G.O. Improvement Bonds. At least 20% of the improvement costs will be assessed to benefitted properties. The portion of the improvements not assessed may be supported by any legally available source of revenue, including property taxes.

**F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

**G. Relative Benefits and Costs of Alternative Uses of the Funds**

Affordability is an important factor in planning for public improvements. Capital improvements compete with city services for financial resources. The City strives to maintain quality services and make needed capital improvements while keeping the cost of municipal government as affordable as possible. No specific alternative uses for the funds needed to undertake the street reconstruction have been identified.

**H. Operating Costs of the Proposed Improvements**

It is anticipated that the street improvements will reduce annual operating costs by decreasing annual maintenance expenses.

**I. Alternatives for Providing Services**

There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units. Maintenance of the municipal street system is the sole responsibility of the City.

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## **Telecommunications System**

### **A. Planned Improvement**

The City is evaluating a joint venture with Federated Telephone for the construction and operation of a telecommunications system. The City would build the fiber optic network within the community. The network would be leased to Federated for the provision of telephone, cable television and Internet services. Construction of the improvements may begin in 2009, depending on the results of the feasibility analysis and the receipt of grant assistance.

### **B. Condition of Existing Infrastructure**

A city-wide fiber optic system does not exist in Appleton.

### **C. Demand for the Improvement**

A fiber optics network creates the capacity to meet current and future telecommunications needs of the community. Existing systems are limited in both capacity and speed. The fiber optic improvements are needed to meet the demand of businesses, residents and institutions to move increasing amounts of data with greater speed.

### **D. Estimated Cost**

The estimated total cost of the improvement is approximately \$3,100,000. The City share of the costs is estimated to be \$948,000.

### **E. Available Public Resources**

It is anticipated that the City share of the improvements would be financed through the issuance of bonds. It is presently anticipated that the bonds would be used by the Appleton Economic Development Authority. Other types of debt will be evaluated and employed if proven to produce better results. Revenue to pay principal and interest on the bonds will come from lease payments made by Federated Telephone.

The City has applied to the U.S. Department of Commerce, Economic Development Administration for a grant in the amount of \$2,750,000. If approved, the revenues alter the plan for financing these improvements.

### **F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

### **G. Relative Benefits and Costs of Alternative Uses of the Funds**

Under the proposed plan, bonds issued by the City would be fully supported by funds provided by Federated Telephone. No City funds would be used to pay construction of the improvements. Consequently, no specific alternative uses for the funds needed to undertake the telecommunication improvements have been identified.

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#### **H. Operating Costs of the Proposed Improvements**

It is not anticipated that the City will incur any ongoing operating costs related to the telecommunications system.

#### **I. Alternatives for Providing Services**

There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units.

### **2009 Fire Truck**

#### **A. Planned Improvement**

The City plans acquire a new pumper truck for the Fire Department. The unit will be purchased and delivered in 2009.

#### **B. Condition of Existing Infrastructure**

The new truck will replace an existing vehicle. The new unit will increase service capacity and will meet necessary minimum service standards. The City will attempt to sell the existing vehicle.

#### **C. Demand for the Improvement**

The unit is needed to provide adequate fire suppression services in the community.

#### **D. Estimated Cost**

The cost of the unit is estimated to be \$220,000.

#### **E. Available Public Resources**

The City anticipates using lease purchase financing to pay for this equipment. Monies from the General Fund will be used to make the annual lease payment.

#### **F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

#### **G. Relative Benefits and Costs of Alternative Uses of the Funds**

Affordability is an important factor in planning for public improvements. Capital improvements compete with city services for financial resources. The City strives to maintain quality services and make needed capital improvements while keeping the cost of municipal government as affordable as possible. The use of lease purchase financing preserves City reserves for other purpose. Lease purchase financing spreads the cost over time and to the community benefitting from the availability of this equipment. The term of the lease will not exceed the useful life of the equipment. No specific alternative uses for the funds needed to acquire the fire truck have been identified.



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#### **H. Operating Costs of the Proposed Improvements**

It is anticipated that the new truck will reduce annual operating costs by decreasing annual maintenance expenses.

#### **I. Alternatives for Providing Services**

There are no alternatives for providing the proposed equipment more efficiently through shared facilities with other municipalities or local government units. No other service provider is available to provide adequate fire protection and suppression services to Appleton.

### **2010 Police Car**

#### **A. Planned Improvement**

The City replaces police cars on a four-year cycle. The next vehicle is scheduled to be replaced in 2014.

#### **B. Condition of Existing Infrastructure**

The proposed project replaces an existing vehicle that has reached the end of its functional life for the purposes of the Police Department.

#### **C. Demand for the Improvement**

The operation of the Police Department adds to the mileage and hours of operation for police cars. The goal is to replace vehicles before ongoing maintenance cost increase and reliability of vehicle operation begins to diminish.

#### **D. Estimated Cost**

The cost of the improvement is estimated to be \$30,000.

#### **E. Available Public Resources**

The project will be financed with monies from the General Fund. Funding for this project will be part of the 2010 Budget. The City may also finance capital equipment with borrowing using lease purchase financing or equipment certificates.

#### **F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

#### **G. Relative Benefits and Costs of Alternative Uses of the Funds**

Affordability is an important factor in planning for public improvements. Capital improvements compete with city services for financial resources. The City strives to maintain quality services and make needed capital improvements while keeping the cost of municipal government as affordable as possible. The proposed police car is essential to maintaining an adequate level of police protection. No specific alternative uses for the funds needed to purchase this vehicle have been identified.

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#### **H. Operating Costs of the Proposed Improvements**

It is anticipated that the timely replacement of police cars will reduce annual operating costs by avoiding significant vehicle maintenance expenses.

#### **I. Alternatives for Providing Services**

There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units. No evaluation has been conducted to receiving police protection from the Sheriff's Department.

### **2011 Street Reconstruction**

#### **A. Planned Improvement**

The City plans to undertake surface reconstruction of the following streets:

The project will begin and complete work in 2011.

#### **B. Condition of Existing Infrastructure**

The City monitors the condition of the municipal street system.

#### **C. Demand for the Improvement**

As streets age, the surface of the street begins to deteriorate. Routine maintenance and patching no longer provide acceptable conditions. Deteriorated streets increase wear on vehicles and detract from the aesthetic quality of neighborhoods. Over time, ongoing maintenance and reconstruction becomes more expensive. The City's street reconstruction program seeks to balance the physical need for improvements with the financial capacity to support the improvements.

#### **D. Estimated Cost**

The cost of the improvement is estimated to be \$1,000,000.

#### **E. Available Public Resources**

The project will be financed through the issuance of G.O. Improvement Bonds. At least 20% of the improvement costs will be assessed to benefitted properties. The portion of the improvements not assessed may be supported by any legally available source of revenue, including property taxes.

#### **F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

#### **G. Relative Benefits and Costs of Alternative Uses of the Funds**

Affordability is an important factor in planning for public improvements. Capital improvements compete with city services for financial resources. The City strives to maintain quality services and make needed capital improvements while keeping the cost of

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municipal government as affordable as possible. No specific alternative uses for the funds needed to undertake the street reconstruction have been identified.

**H. Operating Costs of the Proposed Improvements**

It is anticipated that the street improvements will reduce annual operating costs by decreasing annual maintenance expenses.

**I. Alternatives for Providing Services**

There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units. Maintenance of the municipal street system is the sole responsibility of the City.

**2014 Police Car**

**A. Planned Improvement**

The City replaces police cars on a four-year cycle. The vehicle replacement is scheduled to for 2018.

**B. Condition of Existing Infrastructure**

The proposed project replaces an existing vehicle that has reached the end of its functional life for the purposes of the Police Department.

**C. Demand for the Improvement**

The operation of the Police Department adds to the mileage and hours of operation for police cars. The goal is to replace vehicles before ongoing maintenance cost increase and reliability of vehicle operation begins to diminish.

**D. Estimated Cost**

The cost of the improvement is estimated to be \$30,000.

**E. Available Public Resources**

The project will be financed with monies from the General Fund. Funding for this project will be part of the 2014 Budget. The City may also finance capital equipment with borrowing using lease purchase financing or equipment certificates.

**F. Overlapping Debt**

A description of the current overlapping debt for the City of Appleton can be found in the "Overlapping Debt" section of this CIP.

**G. Relative Benefits and Costs of Alternative Uses of the Funds**

Affordability is an important factor in planning for public improvements. Capital improvements compete with city services for financial resources. The City strives to maintain quality services and make needed capital improvements while keeping the cost of municipal government as affordable as possible. The proposed police car is essential to

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maintaining an adequate level of police protection. No specific alternative uses for the funds needed to purchase this vehicle have been identified.

#### **H. Operating Costs of the Proposed Improvements**

It is anticipated that the timely replacement of police cars will reduce annual operating costs by avoiding significant vehicle maintenance expenses.

#### **I. Alternatives for Providing Services**

There are no alternatives for providing the proposed improvements more efficiently through shared facilities with other municipalities or local government units. No evaluation has been conducted to receiving police protection from the Sheriff's Department.

### **Project Summary**

The table below summarizes the projects in the CIP.

<b>Project</b>	<b>Year</b>	<b>Estimated Cost</b>	<b>Funding Plan</b>
Public Utility Maintenance Garage	2009	NA	The City plans to issue G.O. Capital Improvement Plan Bonds to refinance existing debt used to fund construction of the 2001 Public Utility Maintenance Garage.
Street Reconstruction	2009	\$1,780,000	The project will be financed through the issuance of G.O. Improvement Bonds. At least 20% of the costs will be assessed to benefitted properties. City monies needed to pay the bonds will come from property taxes or other available revenues.
Telecommunications System	2009	\$948,000	This amount represents the City share of the estimated \$3.1 million project. The City would issue bonds to pay for the local share. Revenues to pay debt on the bonds will come from lease payments made by Federated Telephone.
Fire Truck	2009	\$220,000	Lease purchase financing will be used to finance acquisition of this vehicle. Revenues to make annual lease payments will be included the City's Budget.
Police Car	2010	\$30,000	The project will be financed with monies from the General Fund.

Project	Year	Estimated Cost	Funding Plan
			Funding for this project will be part of the 2010 Budget.
Street Reconstruction	2011	\$1,000,000	The project will be financed through the issuance of G.O. Improvement Bonds. At least 20% of the costs will be assessed to benefitted properties. City monies needed to pay the bonds will come from property taxes or other available revenues.
Police Car	2014	\$30,000	The project will be financed with monies from the General Fund. Funding for this project will be part of the 2014 Budget.

## Overlapping Debt

The table below contains the overlapping debt for the City of Appleton as of April 30, 2009.

<u>Issuer</u>	<u>2008/2009 Tax Capacity Value<sup>(1)</sup></u>	<u>2008/2009 Tax Capacity Value in City<sup>(1)</sup></u>	<u>Percentage Applicable in City</u>	<u>Net Debt</u>	<u>Taxpayers' Share of Debt</u>
Swift County	\$13,408,619	\$1,080,218	8.06%	\$7,640,000 <sup>(2)</sup>	\$ 49,471
ISD No. 2853, Lac Qui Parle Valley	9,054,433	1,080,218	11.93	0 <sup>(3)</sup>	<u>0</u>
				<i>Net Indirect Debt:</i>	<u>\$ 49,471</u>

(1) Tax Capacity Values are after tax increment adjustment.

(2) Swift County reported bond indebtedness of \$7,640,000 as of December 31, 2008.

(3) ISD No. 2853, Lac Qui Parle Valley, currently does not have any bond indebtedness.